



# California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

## News Release

FOR IMMEDIATE RELEASE

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### **PUC ACTS TO LESSEN IMPACT OF HIGH NATURAL GAS PRICES ON SOCALGAS LOW-INCOME CUSTOMERS**

SAN FRANCISCO, Nov. 18, 2005 – The California Public Utilities Commission (PUC) today took further steps in shielding low-income consumers of Southern California Gas Company (SoCalGas) from rising natural gas prices this winter. By selling natural gas in storage facilities that was previously unable to be used, SoCalGas will be able to save low-income consumers \$48 million, which will help in keeping bills low.

“Today’s decision represents one of the more creative programs that came out of the PUC’s October 6<sup>th</sup> meeting on the impact of rising natural gas prices on low-income customers,” remarked President Michael R. Peevey. He added that, “This is a prime example of what can be achieved when the Commission and the utilities work together toward the common goal of making natural gas affordable.” Commissioner Susan P. Kennedy was key in bringing this decision to vote quickly. She stressed the fact that, “Low-income consumers will be hit the hardest this winter and they continue to remain our number one priority.”

The Commission allowed SoCalGas to reclassify 4 billion cubic feet (Bcf) of “cushion gas” (typically used to pressurize storage fields) from natural gas storage fields, to “working” (i.e., usable) natural gas. The 4 Bcf of natural gas (enough gas to serve SoCalGas’ half a million California Alternative Rates for Energy (CARE) customers for more than a month) will then be used in lieu of purchasing more expensive natural gas in the market this winter. Since the book value of the 4 Bcf of gas is approximately \$1.5 million, and assuming a price during the winter of \$12.50 per mcf, the project would allow about \$50 million in gas purchase costs to be avoided. The net benefit to CARE customers is that the 2005-2006 winter bills will be lower by about \$48 million than they otherwise would be.

Last month the Commission took other steps to reduce the burden of natural gas prices on low-income customers by authorizing SoCalGas to expand its winter gas price hedging activities

(D.05-10-043), and by streamlining the process for CARE eligibility (D.05-10-044), which provides a 20 percent discount on electric and natural gas bills.

For more information on the PUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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